P 23

G. R. S. IX-5]

1891

Previous references.

File No. 2 of 189

191 .

Serial Nos. 1

(Agriculture)

Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for

SUBJECT.

Rules regarding the loans to be granted for the construction of irrigation wells

---

W D 88—GPB—50,000—24-7-16

Postal Guards on inland marches.
Correspondence
21/4191

Note

The draft rules I propose for the grant of advances for excavation of wells are herewith put up.— The rules are almost the same as those in force in Madras with the following exceptions.—

I. In Madras, the ryot is made to give security for refunding the advance made, if he does not excavate the well within the time promised.— I do away with the security, as it would be difficult for ryots to find one, & there is no danger of Govt losing the money, as the advance is to be made by instalments as the work progresses, & the advances are ~~recovered~~ recoverable as arrears of Revenue.—

II. The Madras rules leave it optional to the ryot to take the whole loan applied for, or the actual cost. ~~It may be questioned~~ I deny that when the actual

4

Note

Special Rules framed under Sec: 10 of Regulation No: 4 of 1890.

The draft rules have been based on those framed by the Madras Government for grant of advances for excavation of wells in districts exposed to famine and are more liberal than the ordinary rules for loans for land improvement Act

they are such as a liberal
Government may well
adopt to increase the
general prosperity of
its agricultural population
They do not involve a
loss of money to any
appreciable extent and
the interest charged for the
loans, though very small
is not much less than
what the Mysore Govern-
-ment pays on Savings
Bank deposits. or what
it derives from its
investments. I strongly
advocate therefore the
adoption of the proposed

proposed rules and though introduced in the first instance in a portion of this Province they may, if found to work satisfactorily, be made applicable to the whole of the Madras District. The rules are all that could be desired but I would make a few suggestions for Consideration

By rule 12 the grant of the loan is not allowed except when the lands which will be irrigated by the proposed well or aqueduct may be expected to attain

7

a market value of not less than one half of the loan applied for. The minimum value appears to be ~~pitched~~ pitched too low The price of a land is determined by its ~~produce~~ productive capacity and it is questionable if it is worth the while of a ryot to improve a land by excavating a well, if, by so doing, the price of the land is not likely to be raised to nearly as much as the market value of similar land in the neighbourhood Commanding similar advantages. And as the net produce is generally

Shall we have the value of "similar land" to do with the question? We ~~~~ equal ~~~~ a little less or more than the

generally equal to a certain percentage of its price (say 6 per cent per annum), the increment of produce due to the improvement will not be proportionate to the outlay, if the proposed minimum be adopted. The ryot who has generally no clear ideas of these questions will not be really benefited by making the improvement and the security for the loan will not be adequate. In a bad famine tract we may perhaps relax

Her argument not clear to me. A rule of 50 per cent the loan" is based the ~~possible~~ idea people generally forward for a ch higher interest than money, than worth, they should. instance, a well it has cost us Rs 500 yield annually Rs 25 or 5 %. If we ask a well worth sinking but to give only Rs 250, as want 10 per cent, the rule says is, ~~but~~ they demand 50 at least, it ugh.

these Conditions but not so when these rules are intended for general adoption. I would therefore recommend the removal of the word "<u>one half</u>". Even then the present value of the land will be ignored and this is enough.

Rule 9 provides that the whole of the outstanding loan should fall due immediately a default is made, that the Agent should be sold for its recovery and that the purchaser should pay

ten

pay so much of the loan as remains undischarged by the sale proceeds. If my interpretation is correct. the arrangement would be inconvenient. The Madras rule gives a discretion to the Collector to realize at the instalment and assessment in arrears or to declare the whole loan due at once. Such a measure will enable the revenue authorities to show consideration to ryots when there is reason for it Also if the land & well are supposed to sell for a fair price in open

+ Memo two arrears due

I do not like the distinction. There is nothing to prevent distinction being exercised in extraordinary cases — But the understanding must be regularly

Competi[illegible], it is hard
to make a would-be
purchaser to pay more
than the property is worth
by saddling him with the
undischarged instalment
And as by rule 12 the
market value of the land
may be less than the loan
there must be cases in
which the sale proceeds
fall short of the sum-
total of the assessment
and the loan due thereon.
We must therefore adopt
one of the two alternatives
that is, either sell the
property for the ~~whole~~
instalment, the purchaser
getting into the shoes

He owes like
the instalments
into account
in bidding.
MP

true.

The purchaser does get with the shoes of the defaulter or gets more liberal terms if he has paid more — but never worse terms.

shoes of the owner, the deficit, if any, being debited to the loan fund & the excess being paid to the owner or sell it for the sum of the debt and assessment due on same terms. Any how the defaulting owner should not lose even the original value of his land when it is capable of fetching more than the instalment & assessment for which it is sold. It may be argued that in such a case no default could occur. But it is not impossible that it may

take place owing to
exceptional causes.
Provision must also be made
to meet cases where for
any reason there are no
bidders or the bids are
unduly low as also where
defaults occur through
an exceptional season
or untoward accident,
disabling the ryot from
keeping to his engagement.

exceptional cases must be exempted. In case dealt with all we can do is to postpone

The rules contemplate
the grant of advances in
the first instance and
the completion of the
transaction with the
excavation of the well
This is a cumbrous proc
edure

procedure & may lead
to the fleecing of the ryots
by the corrupt hands in the
subordinate executive
It will perhaps be better
to complete the transaction
as soon as the application is
sanctioned, the amount
alone being paid by in-
stalments as work pro-
-gresses. A provision
should be introduced
for the grant of the
whole loan at once if
sufficient security be
granted for the completion
besides the vacant.
of the well. The collection
of materials will always
good portion of the

Here a letter
proposed
vide

no objection -
vide

advance and a ryot will be able to do it cheaper, if he had the full amount at once than if he had to do it out of each instalment. It is true there is a risk of the fund being diverted to other purposes but the Govern-ment can suffer no loss since it will have ample security while the Contingency of the ryot getting the loan on false pretences may be checked by levying a higher rate of interest if the well be not proceeded with.

The success of this most beneficial scheme depends on the care with which

which it is worked and
the agency that is selected
ought to be pure & such
as would, while preventing
the ryot getting funds
except for the prosecution
of the improvement,
not delay or obstruct
from Captiousness or un-
worthy motives the
prompt issue of the
advances. Even a
delay of a few days
in the "Granted" of work
done and sanction to
a fresh advance may
cause loss to the ryot

and a repetition of such cases will not only necessitate a sacrifice of Government money but will also make the scheme unpopular.

Res. left

Allangaranaya

18-5-91. Comptroller.

9/R.12

(1697) 1-1

No. 3834-7 dt 1st July 1891

The original is with the Sub Committee

Order.

The Amended Rules for the Construction of Irrigation wells in the dry Districts of Tumkur Kolar & Chitaldrug will be published for general information and guidance.

2 The Dy Comrs & Assistants Concerned will ~~be so~~ give these rules the widest local publicity possible - The Govt are of opinion that the extent to which Ryots will come forward to take advantage of these Rules will depend upon the promptness and ease with which applications under them are disposed of. and

~~Rules~~
of H H
the Maharaja
of Mysore

Special Rules framed under Section 7. 10 of the Land Improvement Loans Act for the Construction of Wells.

1. These rules extend to the districts of Kolar and Chickballapur, but may, at the discretion of Government, be declared applicable to other tracts. In the districts to which they apply, Loans may, notwithstanding, be made under the ordinary rules framed under the Act.

2. No loan under these rules shall exceed the sum of Rs: ~~750~~ 1000

3 The Loans shall be repayable by equal annual instalments, discharging both principal and interest.

4. The rate of interest charged shall be 3 percent per annum.

5 All loans must be repaid within thirty-five years at the latest

6 A Special annual charge shall be made upon the land

To be printed on back of margin: Colombo atlas

as the ayacut (irrigable area) of the well for repayment of the debt and interest thereon. It shall not exceed ~~either the amount in the Rupee on the Assessment of the Land or~~ Rupees 5 per acre of the irrigable area ~~which ever is least~~.

7. Such charge shall be in addition to the ordinary assessment of the land. The land assessment and the special charge will be separately entered in the patta, but will be payable together with the land revenue kist of each fasli year. Payments made shall be credited first to land assessment, and the surplus, if any, will be passed to the special charge for the loan.

8. No Security, other than the lands assigned as the ayacut, which shall be pledged as Security for discharge of the special annual charge, as it falls due, and of the balance of debt unpaid, shall be required.

9. The lands assigned as ayacut shall be entered in a separate patta and shall be inseparably attached to the well until the loan is paid off. If default in the payment of land assessment or special charge occurs and recovery cannot otherwise be made, the entire unpaid balance of the loan, ~~or such portion of it as the collector may determine~~, shall be deemed to at once become due, and the whole of the land assigned as the ayacut and the well itself shall be sold together for the recovery of this amount, with interest thereon and expenses of sale, if any, and will remain subject to special annual charge for the liquidation of so much of the principal debt as remains unpaid.

10. From the purchase-money realized shall be deducted first the land revenue, and then

thereon; and the overplus shall be credited in liquidation of the balance of the debt due on the well. The purchaser shall, in case of over-plus, be entitled either to have the number of future annual payments proportionately reduced, the amount of the annual charge remaining the same, or to have the amount of the annual charge reduced, the number of future payments remaining the same. On such sale and re-adjustment, a fresh order and special pattas, stating future annual instalments and debt remaining due, shall be issued to the purchaser of the well, and the former special pattas shall be cancelled. If the overplus exceeds the unpaid balance of the debt, such balance shall be credited to Government and the remainder paid over to the defaulter.

Special

Special Charge against the well and against shall then cease If there is no surplus or deficit, the special annual charge shall continue unaltered for the rest of the term originally fixed. If there is a deficit, the loss of the instalments in arrear, or deficiency thereon, will be accepted as accruing to Government.

Example,— Rupees 300 are advanced for a well, with a 4-acre against and instalments Rupees 15-306 under Rule 6 and land assessment at 12 annas an acre, or Rupees 3. Default is made in the fifteenth year and the land and well is at once sold. It realizes Rupees 150. Deduct land revenue Rupees 3 and instalment Rupees 15-306, or Rupees 18-306. There remain 131-694 rupees to be credi

the balance of debt, as by table is Rupees 182.708, reducing it to Rupees 51.014. If the purchaser pays this up, the well will be free from debt; if he likes, he may have the number of instalments reduced from ~~15 to 4~~ 15 to 4 or may continue to pay for 15 years more, the instalment being reduced from 15 Rupees to 4.272 Rupees. (See table appended).—

11. On the debt being paid off by completion of the term or under the last rule, the land forming the aycaut shall be held at ordinary assessment, which shall not be subject to en- -hancement or increase at revision of settlement on account of the improvement due to the well. Also charge for irrigation with the water of the well will be imposed either on such land or on

any

any other land irrigated from it, unless otherwise liable to wet rates.

12. No proposals for a loan shall be approved under these rules unless it is estimated, with reference to the market-value of land of like quality irrigated by wells in the locality, that the value of the land assigned as the security will, after the well is in operation, be equal to not less than one-half of the loan applied for.

13. When a ryot is desirous of obtaining a loan under these rules for the construction of a well, he may apply to the ~~Revenue Inspector~~ Amildar, or such other officer as may be appointed by Govt for the purpose, on deposit of a fee of Rupees 5, to have a trial borings made at the proposed site of the well by the establishment

any, maintained by Govern-
-ment in the district for such
purpose. Application forms,
serially numbered, will be
kept by all ~~Revenue Inspectors~~ Amildars and by Amildars
and will be filled up for appli-
-cants free of charge or stamps
duty on the deposit of the
prescribed fee, ~~A Copy of the application which will be~~ shall be furnished to the
~~printed on the duplicate of the~~
applicant ~~returned by the applicant and receipted~~ with the payment of the fee duly receipted thereon by the
officer taking the application.
A printed form, showing nature
and thickness of the strata
passed through by the borer
and the depth at which water
is found or not found and the
quality of the water, whether
saline or otherwise, shall be
given to the applicant by
the officer in charge of the
boring party. If the boring
prove unsuccessful, i.e., if
water

water is not met within 35 feet
the fee shall be refunded. If
the applicant, subsequently
applies for and obtains a loan
under the rules, the fee paid
shall be refunded and the
actual cost of boring shall
form part of the loan admis-
-sible and granted.

14. Applications for loans
under these rules must
specify the amount of the
loan required; particulars
of the land proposed as the
security of the well; whether
it is registered in the appli-
-cant's name and in his
possession; whether it is
mortgaged, or otherwise
encumbered, and, if so, parti-
-culars of the same; and
what security the total

The boring successful & the applicant takes the loan,

Fails to take the loan notwithstanding that the boring has proved successful, the applicant & the fee shall be credited to Govt:—

can give for the repayment
of half the loan in the event
of the well not being construct
-ed within a year from the ac-
-ceptance of the application
If a trial boring has been
made, the printed statement
of the result shall be attached
to the application.

15 Application forms can
be obtained at all ~~Collectors~~ Officers of the
~~and from Revenue Inspectors~~, Customs or
Excise
and applicants to may have
them filled up either by the
givers or by the ~~Kumakers~~
Sarbhogs
of their villages. They may
be presented or sent by post,
or otherwise, to any Revenue
officer of grades, not lower
& Dy Collectors
than ~~Revenue Inspector~~,
and applicants shall be
furnished with receipts for them.

16. On receipt of an application, the Amildar ~~a Revenue Inspector or higher officer~~ shall ~~at once~~ inspect the land and make summary enquiry in the village as to the correctness of the entries in the application, and shall report whether the land will be commanded by the well; & what will, judging from that of like land in the neighbourhood, be the market value of the land if the well is successful, ~~and whether the security offered, which shall be to the amount of half the loan applied for, is good and sufficient~~. The report shall be transmitted to the divisional ~~officer~~ Asst or Dep Collr appointed for the purpose who shall examine whether the loan can be made

the rules, and, if ~~the prescribed~~ no Objection
~~Conditions are complied with~~,
shall accept the application
and order the ~~Collector~~ Amildar to
advance one third or half the amount of
the loan applied for, ~~on the~~ after taking an agreement from the applicant
~~applicants furnishing security~~
~~as proposed and executing the~~
~~necessary~~ documents, in the
~~prescribed forms~~, to the effect
that the money received shall
be applied to the purpose intended,
and that a substantial and
properly constructed well in
full working order shall be
completed within the time
allowable for the execution
of the work. Such time shall
ordinarily be one year, and
in case of loans exceeding
Rupees 300, the ~~Collector~~ Officer granting the loan
may extend it to two years.

Where

When the first instalment of the loan advanced is expended, the applicant may apply to have the work measured and estimated, and, if work is found to have been done to the value of the first instalment, a second, not exceeding one third or half the loan applied for, may be advanced when work for ~~on further security being furnished to such~~ amount. No interest will be charged on the instalments thus advanced. If default is made in the construction of the well, or if the work fails altogether, the amount of the preliminary advances authorized by this rule will be recoverable from the applicant as arrears of Rev

No amount also has been expended, the remainder of the loan, if any, may be advanced.

~~of the Security given~~ 17

17. On completion of the well the applicant shall apply to have the work measured up and estimated ~~in accordance~~ as it may be adopted by the D.D.W. ~~with a schedule of rates, which will be prescribed from time to time for the district or taluk.~~

If the value of the work done is within 15 per cent of the amount originally applied for, ~~the Security taken for the preliminary advances shall be returned, and an~~ order for the loan shall be granted.

If the value is less than the amount originally applied for by more than 15 per cent, the applicant shall, if he ~~claims~~, refund any excess

drawn

drawn by him and take a reduced loan, the special annual charge being reduced accordingly, or, if it is in excess by more than 15% per cent, he may claim a higher sum than originally applied for, provided always that the conditions of rules 5 and 6 are not infringed.

Example — A man applies for a loan of Rupees 300 for a well, with a 4-acre ayacut. On completion, the well is found to have cost Rupees 450. The annual charge is limited (rule 6) to Rupees 20, and by table it is found that this will, in thirty-five years, only pay off Rupees 429.750. He cannot be granted more than the amount: if he takes out instalments for thirty-five years

must be paid (9%), however the well is found to cost only Rupees ~~250~~ 275, he may claim the Rupees 300 for which the application was accepted, ~~but or may, if he likes,~~ take Rupees ~~250~~ 275, ~~and~~, in such case, he will pay only Rupees ~~15-10-0~~ 12.798 per annum, instead of Rupees ~~15000~~, 13.962

18. The amount of loan being finally settled, ~~the Securities taken for the preliminary advances shall be released~~ ~~and~~ an order for the grant of the loan in the form appended shall be issued by the ~~Collector~~ D. C. M. and signed by the applicant. Interest will become payable from the date on which the order

is issued. A copy of the order shall be given to him, and also a special pottah for the lands, on the reverse of which shall be shown the amount which will remain due in each fasly, supposing instalments to be paid according to the pottah. Orders shall, at the same time, issue for striking the land out of the applicant's ordinary pottah, which he shall give up for the purpose.

19. The first payment on account of the debt shall be due with the last yearly rist, coming next after the issue of the order granting the loan, if such rist is more than six months off. If less, the first instalment shall be deferred to the last rist

of the following year; the last list of the year falls in May, and an order granting a loan is issued in January. The first payment for the loan in such case will be fixed for the following May twelve months. But, if the order granting the loan is issued in November, the first payment will be due in the following May. The term of the loan will run accordingly.

Appendices

(A) Order granting loan under the special rules for loans for the construction of wells sanctioned under the Land Improvement Loans Act XIX of ~~1883~~ ——.

No: 188

1. The sum of Rupees is

is hereby granted to A.B., son of
, and residing in the
village of , taluk of
, registration sub-division
of , and district of
, as a loan under
the above rules for the construction
of a well, as hereunder particula-
-rized, of which loan the full
amount has (or Rupees
have) already been received by
the aforesaid and is
hereby acknowledged [*on condi-
-tion of this order, the aforesaid
shall be entitled
to receive from the Taluk
Treasury of the
balance of Rupees
to complete the loan of Rupees
]:-

(i) Situation of the well, village
and Survey number
(ii) Particulars of fields

the ayacut of the well.
fields, extent and assessment.

2. The conditions of the loan are-

(i) That the loan, with interest thereon at 3 per cent., shall be repaid by annual payment of Rs:
1, falling due with the last kist of the Revenue year, commencing with fasli 12 and ending with fasli 12.

(ii) Such annual payment is in addition to the land assessment, and the land assessment will not at any future remission of assessment be enhanced with reference to improvements resulting from the well, nor shall any water rate be charged for the water thereof.

(iii) The whole of the land above specified as the ayacut is hypothecated to Government for repayment of the aforesaid loan.

(iv) If default in the payment of land assessment or

or Special annual Instalment
on account of the loan occurs
and recovery cannot otherwise
be made, the entire unpaid
balance of the loan, ~~or such~~
~~portion of it as the Collector~~
~~may determine~~, shall be
deemed to at once become due,
and the whole of the land above
specified as the security, to-
-gether with the well, shall
be sold for the recovery of the
amount, with interest thereon
and expenses of sale, if any.

Signature of Collector.

I have understood and accepted
the above document, and agree
to the terms and conditions
stated therein

Signature of the
Borrower.

Table for use in calculating Payments by Annuitees under the Land Improvement Loans Act.

Interest ... 3 per Cent.

	The amount of Rupee 1 improved at compound interest for a given number of years	The amount at compound interest of an annuity of Rupee 1 for a given number of years	The annual instalment necessary to pay off a loan Rs 100 with interest in a given number of years
1	1·0300	1·000	103·000
2	1·0609	2·030	52·261
3	1·0927	3·090	35·363
4	1·1255	4·183	26·905
5	1·1593	5·310	21·832
6	1·1941	6·471	18·456
7	1·2299	7·663	16·049
8	1·2668	8·893	14·244
9	1·3048	10·160	12·842
10	1·3439	11·453	11·731
11	1·3842	12·807	10·808
12	1·4258	14·194	10·045
13	1·4685	15·617	9·403
14	1·5126	17·087	8·853
15	1·5580	18·600	8·376
16	1·6047	20·157	7·961
17	1·6528	21·727	7 603
18	1·7024	23·413	7·271
19	1·7535	25·117	6·981
20	1·8061	26·870	6·722
21	1·8603	28·677	6·487
22	1·9161	30·537	6·275
23	1·9736	32·454	6·081
24	2·0328	34·427	5·905
25	2·0938	36·460	5·743
26	2·1566	38·553	5·595

3. per cent.

Years	The amount of Rupee 1 improved at compound interest for a given number of years	The amount at compound interest of annuity of Rupee 1 for a given number of years.	The annual instalment to pay off a loan of Rs with interest in a number years
27	2·2213	40·710	5·45
28	2·2879	42·930	5·329
29	2·3566	45·220	5·211
30	2·4273	47·578	5·102
31	2·5001	50·004	4·999
32	2·5751	52·504	4·905
33	2·6534	55·114	4·814
34	2·7319	57·730	4·732
35	2·8138	60·460	4·654

Examples of the use of the table.

13

Q. In what time will a loan of Rs 300 at Compound interest at 3 per cent per annum be paid off by an annuity of Rs 15·306?

A The initial interest of Rs 300 is Rs 9 or 3 per cent per annum. The annuity promised is in excess of this amount by 6·306. Dividing the annuity by this excess $\left(\frac{15·306}{6·306}\right)$ we get 2·427. The years against the Corresponding number in Column 1 of the table is 30. The loan will be paid off in 30 years.—

Another mode of Calculation.

If the annuity of Rs 300 is 15·306, the annuity for 100 is 5·102. The Corresponding figure in Column 3 of the table is again 30 years. The loan will be paid off in 30 years

2. Q What instalment will pay off Rs 300 at Compound interest at 3 per cent per annum in 30 years?

A. A loan of Rs 100 will be paid off in 30 years by an instalment of Rs 5·102 (vide Column 3 of the table). Therefore Rs 300 will

over this is 13.77 multiplied by 3.290
the figure in Co 2 against 3 years
amounts to 42.567 This deducted from
Rs 51.014 — the balance due — comes
8.447 which has to be paid in the 4th year

9. Q A loan of Rs 300 is to be paid off in 30 years but the payment of the instalment is to be deferred & commence deferred in the 5th year. What is the annuity required.

A. The loan at the beginning of the 5th year with interest will be
300 X 1.1255 — the figure in Column 1 against 4 years — i.e. Rs 337.650.
This has to be paid off in 26 instalments — work according to example 2. as follows.

A loan of Rs 100 will be paid off in 26 years by an annuity of 6.595. Therefore a loan of 337.650 will be paid off in 26 years by an annuity of Rs 18.891.

100 : 6.595 :: 337.65 : 18.891

SPECIAL RULES FRAMED BY THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE, UNDER SECTION X OF THE LAND IMPROVEMENT LOANS ACT OF—FOR THE CONSTRUCTION OF WELLS.

1. These rules extend to the Districts of Kolar and Chitaldroog, but may, at the discretion of Government, be declared applicable to other tracts. In the Districts to which they apply, loans may, notwithstanding, be made under the ordinary rules framed under the Act.

2. No loan under these rules shall exceed the sum of Rs. 1,000.

3. The loans shall be repayable by equal annual instalments, discharging both principal and interest.

4. The rate of interest charged shall be 3 per cent per annum.

5. All loans must be repaid within thirty-five years at the latest.

6. A special annual charge shall be made upon the land assigned as the ayakat (irrigable area) of the well for repayment of the debt and interest thereon. It shall not exceed Rs. 5 per acre of the irrigable area.

7. Such charge shall be in addition to the ordinary assessment of the land. The land assessment and the special charge will be separately entered in the patta, but will be payable together with the last revenue khist of each fasli year. Payments made shall be credited first to land assessment, and the surplus, if any, will be passed to the special charge for the loan.

8. No security, other than the lands assigned as the ayakat, which shall be pledged as security for discharge of the special annual charge, as it falls due, and of the balance of debt unpaid, shall be required.

9. The lands assigned as ayakat shall be entered in a separate patta and shall be inseparably attached to the well until the loan is paid off. If default in the payment of land assessment or special charge occurs and recovery cannot otherwise be made, the entire unpaid balance of the loan shall be deemed to at once become due, and the whole of the land assigned as the ayakat and the well itself shall be sold together for the recovery of this amount, with interest thereon and expenses of sale, if any, and will remain

subject to special annual charge for the liquidation of so much of the principal debt as remains unpaid.

10. From the purchase money realized shall be deducted first the land revenue, interest thereon; and the overplus shall be credited in liquidation of the balance of the debt due on the well. The purchaser shall in case of overplus, be entitled either to have the number of future annual payments proportionately reduced, the amount of the annual charge remaining the same, or to have the amount of the annual charge reduced, the number of future payments remaining the same. On such sale and readjustment, a fresh order and special patta, stating future annual instalments and debt remaining due, shall be issued to the purchaser of the well, and the former special patta shall be cancelled. If the overplus exceeds the unpaid balance of the debt, such balance shall be credited to Government and the remainder paid over to the defaulter. Special charge against the well and ayakat shall then cease If there is no overplus or deficit, the special annual charge shall continue unaltered for the rest of the term originally fixed If there is a deficit, the loss of the instalments in arrear, or deficiency thereon, will be accepted as accruing to Government.

Example.—Rs. 300 are advanced for a well, with a 4 acre ayakat and instalments Rs. 15·306 under rule 6 and land assessment at 12 annas an acre, or Rs. 3. Default is made in the fifteenth year and the land and well is at once sold. It realizes Rs. 150. Deduct land revenue Rs. 3 and instalment Rs. 15·306, or Rs. 18·306. There remain Rs. 131·694 to be credited to the balance of debt, which by table is Rs. 182·708, reducing it to Rs. 51·014. If the purchaser pays this up, the well will be free from debt; if he likes, he may have the number of instalments reduced from 15 to 4 or may continue to pay for 15 years more, the instalment being reduced from Rs. 15 to Rs. 4·272 (see Table appended).

11. On the debt being paid off by completion of the term or under the last rule, the land forming the ayakat shall be held at ordinary assessment, which shall not be subject to enhancement or increase at revision of settlement on account of the improvement due to the well. No charge for irrigation with the water of the well will be imposed either on such land or on any other land irrigated from it, unless otherwise liable to wet rates.

12. No proposals for a loan shall be approved under these rules unless it is estimated, with reference to the market-value of land of like quality irrigated by wells in the locality, that the value of the land assigned as the ayakat will, after the well is in operation, be equal to not less than one-half of the loan applied for.

13. When a ryot is desirous of obtaining a loan under these rules for the construction of a well, he may apply to the Amildar, Deputy Commissioner or to such officer as may be appointed by Government for the purpose, on deposit of a fee of Rs. 5, to have trial borings made at the proposed site of the well by the establishment, if any, maintained by Government in the District for such purpose. Application forms, serially numbered, will be kept by all Amildars, Deputy Amildars and will be filled up for applicants free of charge or stamp duty on the deposit of the prescribed fee. A copy of the application shall be furnished to the applicant with the payment of the fee duly receipted thereon by the officer taking the application. A printed form, showing nature and thickness of the strata passed through by the borer and the depth at which water is found or not found and the quality of the water, whether saline or otherwise, shall be given to the applicant by the officer in charge of the boring party. If the boring prove unsuccessful, *i. e.*, if water is not met within 35 feet or if the boring proves successful and the applicant takes the loan, the fee shall be refunded. But if the applicant fails to take the loan notwithstanding that the boring has proved successful, the fee shall be credited to Government.

14. Applications for loans under these rules must specify the amount of the loan required; particulars of the land proposed as the ayakat of the well; whether it is registered in the applicant's name and is in his possession; and whether it is mortgaged, or otherwise encumbered, and, if so, particulars of the same. If a trial boring has been made, the printed statement of the result shall be attached to the application.

15. Application forms can be obtained at all offices of the Amildars and Deputy Amildars, and applicants may have them filled up either by the givers or by the Shanbhogs of their villages. They may be presented or sent by post, or otherwise, to any Revenue Officer of grades, not lower than a Deputy Amildar and applicants shall be furnished with receipts for them.

16. On receipt of an application, the Amildar shall inspect the land and make summary enquiry in the village as to the correctness of the entries in the application, and shall report whether the land will be commanded by the well; and what will, judging from that of like land in the neighbourhood, be the market-value of the land if the well is successful.

The report shall be transmitted to the divisional or other officer appointed for the purpose who shall examine whether the loan can be made under the rules, and, if no objection is found shall accept the application and order the Amildar to advance one-third or half the amount of the loan applied for, after taking an agreement from the applicant to the effect that the money received shall be applied to the purpose intended, and that a substantial and properly constructed well in full working order shall be completed within the time allowable for the execution of the work. Such time shall ordinarily be one year, but in case of loans exceeding Rs 300, the officer granting the loan may extend it to two years. When the first instalment of the loan advanced is expended, the applicant may apply to have the work measured and estimated, and, if work is found to have been done to the value of the first instalment, a second, not exceeding one-third or half the loan applied for, may be advanced, when work for this amount also has been executed, the remainder of the loan, if any, may be advanced. No interest will be charged on the instalments thus advanced. If default is made in the construction of the well, or if the work fails altogether, the amount of the preliminary advances authorized by this rule will be recoverable from the applicant as arrears of revenue.

17. On completion of the well, the applicant shall apply to have the work measured up and estimated at the rates adopted by the Public Works Department. If the value of the work done is within 15 per cent of the amount originally applied for, an order for the loan shall be granted. If the value is less than the amount originally applied for by more than 15 per cent, the applicant shall refund any excess drawn by him and take a reduced loan, the special annual charge being reduced accordingly, or, if it is in excess by more than 15 per cent, he may claim a higher sum than originally applied for, provided always that the conditions of rules 5 and 6 are not infringed.

Example.—A man applies for a loan of Rs. 300 for a well, with a 4 acre ayakat. On completion, the well is found to have

cost Rs. 450. The annual charge is limited (rule 6) to Rs. 20, and by table it is found that this will, in thirty-five years, only pay off Rs. 429·750. He cannot be granted more than this amount: if he takes it, instalments for thirty-five years must be fixed. If however, the well is found to cost only Rs. 275, he may claim the Rs. 300 for which the application was accepted, or take Rs. 275, in such case, he will pay only Rs. 12·798 per annum, instead of Rs. 13·962.

18. The amount of loan being finally settled, an order for the grant of the loan in the form appended shall be issued by the Deputy Commissioner and signed by the applicant. Interest will become payable from the date on which the order is issued. A copy of the order shall be given to him, and also a special patta for the lands, on the reverse of which shall be shown the amount which will remain due in each fasli, supposing instalments to be paid according to the patta. Orders shall, at the same time, issue for striking the land out of the applicant's ordinary patta, which he shall give up for the purpose.

19. The first payment on account of the debt shall be due with the last yearly khist, coming next after the issue of the order granting the loan, if such khist is more than six months off. If less, the first instalment shall be deferred to the last khist of the following fasli; *e. g.*, the last khist of the year falls in May, and an order granting a loan is issued in January. The first payment for the loan in such case will be fixed for the following May twelve months. But, if the order granting the loan is issued in November, the first payment will be due in the following May. The term of the loan will run accordingly.

APPENDICES.

(A) Order granting loan under the special rules for loans for the construction of wells sanctioned under the Land Improvement Loans Act XIX of

No. 189

1. The sum of Rupees is hereby granted to A. B,. son of , and residing in the village of , taluk of , registration sub-district of , and district of , as a loan under the above rules for the construction of a well, as hereunder particularized, of which loan the full amount ha (or Rupees have)

EXAMPLES OF THE USE OF THE TABLE.

1. Q In what time will a loan of Rs. 300 at compound interest at 3 per cent per annum be paid off by an annuity of Rs. 15·306 ?

   A. The initial interest of Rs. 300 is Rs. 9 or 3 per cent per annum. The annuity promised is in excess of this amount by 6·306. Dividing the annuity by this excess (15·306—6·306) we get 2·427. The years against the corresponding number in column 1 of the table is 30. The loan will be paid off in 30 years.

ANOTHER MODE OF CALCULATION.

If the annuity of Rs. 300 is 15·306, the annuity for 100 is 5·102. The corresponding figure in column 3 of the table is against 30 years. The loan will be paid off in 30 years.

2. Q. What instalment will pay off Rs. 300 at compound interest at 3 per cent per annum in 30 years?

   A. A loan of Rs. 100 will be paid off in 30 years by an instalment of Rs. 5·102 (*vide* column 3 of the table). Therefore Rs. 300 will be paid off by an instalment of thrice the amount, *i.e.* 15·306.

   100 : 5·102 :: 300 : 15·306.

3. Q. A royt wishes to pay an annuity of 15·306 Rs. for 30 years. To what loan will he be entitled ?

   A. An annuity of 5·102 for 30 years will pay off Rs. 100, see column 3 against 30 years. Therefore an annuity of Rs. 15·306 will pay off Rs. 300 which is the loan he is entitled to.

   5·102 : 100 :: 15·306 : 300.

4. Q. A man takes a loan of Rs. 300 but having failed to pay the annuity and an assessment of Rs. 3, his land is sold by Government at the end of 15 years for Rs. 150. What is the amount of loan due at the end of 15 years ?

   A. The initial interest of Rs. 300 is Rs. 9. This deducted from the annuity of 15·306 leaves an excess of 6·306. This into 18·600—the figure in the 2nd column against

15 years —amounts to 117·292 which is the sum paid off in 15 years—the balance due is (300 —117·292) 182·708.

5. Q. Adjust the purchase money of 150 and tell me the loan which remains to be paid by the purchaser?

A. Out of the sum of Rs. 150, credit Rs. 3 to assessment and Rs. 15·306 to the annual instalment due for the 15th year. There remains a balance of (150—18·306) Rs. 131·694 ; credit it towards the principal of 182·708 due at the end of 15 years. This leaves a balance of Rs. 51·014 which has to be paid by the purchaser in the revenue sale.

6. Q. If the purchaser wishes to pay the balance due during all the remaining 15 years, what annuity will he have to pay?

A. The sum should be worked according to example 2.

100 · 8·376 :: 51·014 : 4·272.

7. Q. If the purchaser wants to continue the former annuity of Rs. 15·306 in how many years will he pay of the debt?

A. The sum should be worked according to example I.

If the annuity for 51·014 is 15·306 the annuity for 100 is 30.

The next highest figure in column 3 of the table is 35·363 the number of years against which is 3. The debt will be paid off in the 4th year.

8. Q. Tell me exactly what amount remains to be paid in the 4th year ?

A. To initial interest of the balance due *i. e.* 51·014 is 1·530. The excess of annuity (15·306) over this is 13·776. This multiplied by 3·090 the figure in column 2 against 3 years amounts to 42·567. This deducted from Rs. 51·014—the balance due,—leaves 8·447 which has to be paid in the 4th year.

9. Q. A loan of Rs. 300 is to be paid off in 30 years, but the payment of the instalment is to be deferred and commence in the 5th year. What is the annuity required ?

A. The loan at the beginning of the 5th year with interest will be 300 × 1·1255—the figure in column 1 against 4 years, *i. e.*, Rs. 337·650. This has to be paid off in 26 instalments :—work according to example 2 as follows :—

A loan of Rs. 100 will be paid off in 26 years by an annuity of 5·595. Therefore a loan of 337·650 will be paid off in 26 years by an annuity of Rs. 18·891.

100 . 5·595 · 337·65 18·891.

NOTE.

The draft rules I propose for the grant of advances for excavation of wells are herewith put up. The rules are almost the same as those in force in Madras with the following exceptions :—

I. In Madras, the ryot is made to give security for refunding the advance made if he does not excavate the well within the time promised. I do away with the security, as it would be difficult for ryots to find one, and there is no danger of Government losing the money as the advance is to be made by instalments as the work progresses, and the advances are recoverable as arrears of revenue.

II. The Madras rules leave it optional with ryot to take the whole loan applied for, or the actual cost. I say that when the actual cost is less than the amount applied for by more than 15 per cent, the less sum only shall be advanced.

III. The Madras rules say that the annuity should in no case be more than one anna in the rupee of the loan. I see no object in such restriction and have done away with it. The rule that the annuity shall not exceed 5 rupees an acre of the irrigable area is enough.

IV. The maximum loan to be granted in Madras is 750 rupees, I have raised it to Rs. 1,000 as our wells are more expensive.

V. In Madras the cost of boring is added to the loan I leave it out The cost to give an account of boring cannot be large and we may incur that to help the ryots.

VI. In Madras the loan is to be advanced only in two instalments I say it may be 2 or 3 as the work progresses.

VII. The other alterations I have made are mostly verbal, and do not call for remark.

21*st April*, 1891. P. CHENTSAL RAO, C. I. E.